

Tobin & Co.

Paradise Township

Grand Traverse County, Michigan

Audit Report

For the Year Ended March 31, 2008

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* Paradise Township	County* Grand Traverse	Type* Township	MuniCode* 281100
Opinion Date-Use Calendar* 8/25/08	Audit Submitted-Use Calendar* 9/30/08	Fiscal Year End Month* March	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies?
<input checked="" type="checkbox"/> ?	19. If so, was it attached to the audit report?

General Fund Revenue:	? 360 786
General Fund Expenditure:	? 287 532
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	? 258 876
Governmental Activities Long-Term Debt (see instructions):	? -

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* DAVID	Last Name* BASLER	Ten Digit License Number* 1101013418		
CPA Street Address* 400 E. Eighth St.	City* Traverse City	State* MI	Zip Code* 49686	Telephone* 231 947-0151
CPA Firm Name* Tobin & Co., PC	Unit's Street Address*	Unit's City*	Unit's Zip*	

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INTRODUCTORY SECTION

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Comments and Recommendations

We have audited the basic financial statements of Paradise Township, Grand Traverse County, for the year ended March 31, 2008 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of Paradise Township taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

General

The clerk's accounting records were greatly improved and we were able to audit those records. Recorded revenues were deposited timely and intact. Board minutes were in good order, and supporting documents and follow-up procedures appeared to be in good order.

We did note some shortcomings in the maintenance of these records and in a separate management letter we have detailed these shortcomings and suggested measures which, if adopted, will improve the accounting records and internal controls.

Budgets and Procedures

The Township prepared and formally adopted budgets for its General Fund and Special Revenue Funds. Budgets are intended to be a realistic expectation of future activities. General Fund budgeted expenditures of \$592,500 exceeded actual expenditures of \$289,532 by \$302,968.

General Fund

The General Fund is presented on Schedule 1. The fund balance at March 31, 2008 was \$262,292, an increase of \$67,024 from the prior year.

Fire Fund

This fund, presented in Schedule 2, is used to account for a voted tax levy for fire protection. Revenues consisted primarily of property taxes. The fund balance at March 31, 2008 was \$93,444, an increase of \$6,909 from the prior year.

Ambulance Fund

The ambulance fund, presented in Schedule 3, is used to account for a voted tax levy for ambulance services. The fund balance at March 31, 2008 was \$16,528, a decrease of \$116 from the prior year.

Property Tax Administration Fees

A 1% property tax administration fee is authorized by statute to offset such property tax administration costs as assessing, collecting, and the review and appeal process. Paradise Township levied this fee on its 2007 property taxes. For the audit year, costs exceed these fees.

Property Tax Collections

Property taxes were distributed to taxing units in a timely fashion as required by law. Receipts were filed in order of payment, and supported by computer printouts. Deposits were timely and intact.

Schedule 6 reflects the amount levied, collected, and returned delinquent for the 2007 property tax levy.

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Comments and Recommendations

Insurance and Surety Bond Coverage

Records reflect that the Township is insured through Burnham and Flowers Agency and Municipal Underwriters of Michigan and has such coverage as fire and extended coverage, general liability, equipment, errors and omissions, crime and workmen's compensation. Coverage was reviewed during the audit year. The Clerk, Treasurer, Deputy Clerk, Deputy Treasurer, and Supervisor have surety bond coverage.

Payroll Procedures

The Clerk observes federal and State guidelines in the withholding of income taxes and social security. Withholdings were paid over in a timely manner, required reports were filed, and forms W-2 were issued to employees at calendar year end. Payroll records were maintained in good order.

Other Data

After completion of our audit, we will submit the necessary copies of our report to the State Department of Treasury.

We appreciate the courtesy extended our field auditors in the conduct of this audit.

Your confidence is respected. Please contact us if questions arise or assistance is needed.

FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITOR

To the Township Board
Paradise Township
Grand Traverse County
Kingsley, Michigan 49649

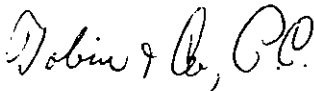
We have audited the accompanying financial statements of the governmental activities and each major fund, and the aggregate of remaining fund information of Paradise Township as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate of remaining fund information of Paradise Township at March 31, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements of Paradise Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



TOBIN & CO., P.C.
Certified Public Accountants
August 25, 2008

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PARADISE TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Paradise Township's annual report presents our discussion and analysis of the Township's financial performance during the fiscal year ended March 31, 2008. Please read it in conjunction with the financial statements, which immediately follow this section.

Financial Highlights

The assets of Paradise Township exceeded its liabilities at the close of the most recent fiscal year by \$930,838. Of this amount, \$402,178 may be used to meet the Township's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, Township's governmental funds reported combined ending fund balances of \$398,543, an increase of \$67,024 in comparison with the prior year. The total amount is available for spending at the Township's discretion.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$118,876, or 40% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Paradise Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

1. Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The **statement of net assets** presents information on all of the Township's assets and liabilities, with the difference between the two reported as **net assets**. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The **statement of activities** presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused credits, and used but not paid expenses).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the Township include: General Government, Public Safety, Road Projects, and Parks and Recreation. Paradise Township does not have any business-type activities (examples would include water and sewer, golf courses, cemeteries, etc.).

2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Paradise Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Paradise Township are categorized as governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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Paradise Township maintains six individual governmental funds. Information is presented separately for the major funds in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire Fund, and Ambulance Funds.

The Township adopts an annual appropriated budget for its general fund, and special revenue funds. A budgetary comparison statement has been provided for the general fund and other major funds to demonstrate compliance with this budget.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial resources because the resources of those funds are not available to support the Township's own programs.

The basic Fiduciary fund financial statements can be found on page 15 of this report.

3. Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

General Fund Analysis and Highlights

The General Fund revenues and expenditures remain consistent with previous years.

Fire Fund and Ambulance Fund Analysis and Highlights

The Fire Fund and Ambulance Fund revenues and expenditures remain consistent with previous years.

Condensed Financial Information

	Net Assets	
	Governmental and Total Activities	
	3/31/08	3/31/07
Current Assets	\$ 404,223	\$ 339,059
Capital Assets	528,660	520,872
Total Assets	932,883	859,931
Current Liabilities	2,045	4,518
Total Liabilities	2,045	4,518
Net Assets:		
Investment in Capital and Intangible Assets, net of Related Debt	528,660	520,872
Restricted	139,667	103,180
Unrestricted	262,511	231,361
Total Net Assets	\$ 930,838	\$ 855,413

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Activities

Governmental and Total Activities

	<u>3/31/08</u>	<u>3/31/07</u>
Program Revenues:		
Charges for Services	\$ 5,276	\$ 24,256
Operating Grants	14,278	7,685
General Revenues:		
Property Taxes	343,028	319,996
State Shared Revenues	187,275	185,725
Other	<u>38,480</u>	<u>23,463</u>
Total Revenues	<u>588,337</u>	<u>561,125</u>
Expenses:		
Legislative	64,917	56,435
General Government	155,759	155,351
Public Safety	266,916	234,441
Public Works	4,397	556
Recreation and Cultural	<u>20,923</u>	<u>26,829</u>
Total Expenses	<u>512,912</u>	<u>473,612</u>
Change in Net Assets	<u>\$ 75,425</u>	<u>\$ 87,513</u>

Capital Asset and Debt Administration

Capital Assets

The Township's net investment in capital and intangible assets for its governmental activities as of March 31, 2008, amounts to \$528,660. This investment in capital assets includes: various parcels of land, buildings, park facilities and equipment, and office equipment and computers. All of our government funds report capital outlays as expenditures. However, the cost of the assets is allocated over their useful lives.

Cash Assets

At the end of the current fiscal year, the Township had \$361,041 in cash and other spendable assets. The Township is limited by State law in how it can invest these funds and we have made no changes in our investment strategy in several years.

Long-term Debt

At the end of the current fiscal year, the Township had no long-term debt outstanding. No new debt was incurred during the fiscal year.

Pension Plan

The Township makes pension contributions based on each employee's base salary to John Hancock Insurance Co. on behalf of each participating employee. This is an expensed item in the budget and totaled \$8,402 for the fiscal year.

Currently Known Factors Affecting Future Operations

The Township Board anticipates completing the Emergency Services Building Project in the next fiscal year. The Township will be borrowing \$739,245 from Traverse City State Bank, with the remaining approximately \$200,000 coming from General Fund revenues. The Townline Road project will also be completed and paid for in the next fiscal year. In the future, the Township hopes to construct a compactor station.

Requests for Information

This financial report is designed to provide a general overview of Paradise Township's finances for all those with an interest in the Township's finances and to demonstrate the Township's accountability for the revenues it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Marie Dean, Paradise Township Supervisor at 2300 E. M-113, Kingsley, MI 49649.

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Paradise Township Statement of Net Assets March 31, 2008

Governmental Activities And Total

Assets

Cash and Cash Equivalents	\$ 361,041
Accounts Receivable, Net	4,347
Taxes Receivable - Current	36,811
Due from Other Funds	2,024
Capital Assets:	
Land	4
Other Capital Assets, Net of Depreciation	<u>528,656</u>
Total Assets	<u>932,883</u>

Liabilities

Accounts Payable and Accrued Expenses	<u>2,045</u>
Total Liabilities	<u>2,045</u>

Net Assets

Invested in Capital and Intangible Assets, Net of Related Debt	528,660
Unrestricted	<u>402,178</u>
Total Net Assets	<u>\$ 930,838</u>

See Accompanying Notes to Basic Financial Statements

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Paradise Township Statement of Activities March 31, 2008

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expenses) Revenue and Changes in
		<u>Fees and Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Net Assets Governmental Activities and Total</u>
Governmental Activities:				
Legislative	\$ 64,917	\$ -	\$ 765	\$ (64,152)
General Government	155,759	1,450	-	(154,309)
Public Safety	266,916	3,416	-	(263,500)
Public Works	4,397	-	7,673	3,276
Recreation and Cultural	<u>20,923</u>	<u>410</u>	<u>5,840</u>	<u>(14,673)</u>
Total Governmental Activities	<u>\$ 512,912</u>	<u>\$ 5,276</u>	<u>\$ 14,278</u>	<u>(493,358)</u>
General Revenues:				
Taxes				343,028
State Shared Revenues				187,275
Investment Earnings				5,586
Miscellaneous				<u>32,894</u>
Total General Revenues				568,783
Change in Net Assets				75,425
Net Assets – Beginning				<u>855,413</u>
Net Assets – Ending				<u>\$ 930,838</u>

See Accompanying Notes to Basic Financial Statements

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Paradise Township Balance Sheet Governmental Funds March 31, 2008

	General Fund	Fire Fund	Ambulance Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash and Cash Equivalents	\$ 242,846	\$ 82,531	\$ 5,969	\$ 29,695	\$ 361,041
Accounts Receivable, Net	4,347	-	-	-	4,347
Taxes Receivable - Current	13,075	12,063	11,673	-	36,811
Due from Other Funds	<u>2,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,024</u>
Total Assets	<u>\$ 262,292</u>	<u>\$ 94,594</u>	<u>\$ 17,642</u>	<u>\$ 29,695</u>	<u>\$ 404,223</u>
<u>Liabilities and Fund Equity</u>					
Liabilities:					
Accounts Payable	\$ 2,045	\$ -	\$ -	\$ -	\$ 2,045
Deferred Revenue	<u>1,371</u>	<u>1,150</u>	<u>1,114</u>	<u>-</u>	<u>3,635</u>
Total Liabilities	<u>3,416</u>	<u>1,150</u>	<u>1,114</u>	<u>-</u>	<u>5,680</u>
Fund Equity:					
Fund Balance – Reserved	140,000	-	-	-	140,000
Fund Balance – Unreserved	<u>118,876</u>	<u>93,444</u>	<u>16,528</u>	<u>29,695</u>	<u>258,543</u>
Total Fund Balances	<u>258,876</u>	<u>93,444</u>	<u>16,528</u>	<u>29,695</u>	398,543
Total Liabilities and Fund Equity	<u>\$ 262,292</u>	<u>\$ 94,594</u>	<u>\$ 17,642</u>	<u>\$ 29,695</u>	
Amounts reported for governmental activities on the statement of net assets are different because:					
Capital and intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds.					528,660
Receivables of property taxes are not deferred in the statement of net assets.					<u>3,635</u>
Net assets of governmental activities.					<u>\$ 930,838</u>

See Accompanying Notes to Basic Financial Statements

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Paradise Township Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended March 31, 2008

	General Fund	Fire Fund	Ambulance Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 126,135	\$ 109,844	\$ 106,437	\$ -	\$ 342,416
Licenses and Permits	3,416	-	-	-	3,416
State Grants	194,948	-	-	-	194,948
Private Grants	-	-	-	5,090	5,090
Contributions from Local Units	765	-	-	-	765
Charges for Services	7,653	908	-	-	8,561
Interest and Rents	13,060	-	-	1,028	14,088
Other	14,809	-	-	3,632	18,441
Total	360,786	110,752	106,437	9,750	587,725
Expenditures					
Legislative	64,917	-	-	-	64,917
General Government	114,982	-	-	-	114,982
Public Safety	47,920	106,343	106,553	4,741	265,557
Public Works	4,397	-	-	-	4,397
Recreation and Cultural	10,923	-	-	2,750	13,673
Other	26,324	-	-	-	26,324
Capital Outlay	20,069	-	-	10,782	30,851
Total	289,532	106,343	106,553	18,273	520,701
Excess Revenues (Expenditures)	71,254	4,409	(116)	(8,523)	67,024
Other Financing Sources (Uses)					
Operating Transfers In	-	2,500	-	7,500	10,000
Operating Transfers (Out)	(10,000)	-	-	-	(10,000)
Total	(10,000)	2,500	-	7,500	-
Excess Revenues (Expenditures) and Other Financing Sources (Uses)	61,254	6,909	(116)	(1,023)	67,024
Fund Balance – Beginning of Year	197,622	86,535	16,644	30,718	
Fund Balance – End of Year	\$ 258,876	\$ 93,444	\$ 16,528	\$ 29,695	

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

7,789

Delinquent personal property taxes are deferred in the governmental funds but recognized in the statement of activities. Deferrals increased by this amount during the audit year.

612

Changes in net assets of governmental activities.

\$ 75,425

See Accompanying Notes to Basic Financial Statements

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Paradise Township Statement of Fiduciary Net Assets March 31, 2008

Assets	<u>Agency Funds</u>
Cash and Investments	<u>\$ 5,437</u>
Total Assets	<u>5,437</u>
Liabilities	
Undistributed Taxes and Interest	3,413
Due to Other Funds	<u>2,024</u>
Total Liabilities	<u>5,437</u>
Net Assets	<u><u>\$ -</u></u>

See Accompanying Notes to Basic Financial Statements

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Paradise Township Notes to Financial Statements March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Paradise Township is a general law township located in Grand Traverse County. Population as of the 2000 census was 4,191, and the current state equalized valuation for taxable property is \$161,625,500. Taxable valuation is \$110,220,405.

The Township's basic financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

B. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following governmental funds:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Special Revenue Funds – These funds are used to account for specific governmental revenues (other than expendable trusts and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

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Paradise Township
Notes to Financial Statements
March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

D. Budgets

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets shown in the required supplementary schedules for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements and the required supplementary schedules, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

E. Capital Assets

Capital assets, which includes property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

Tobin & Co.

Paradise Township Notes to Financial Statements March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets (Continued)

Assets capitalized have an original cost of \$1,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	50 years
Buildings and Land Improvements	20 years
Public Domain Infra-structure	50 years
Equipment	10 years
Vehicles	10 years
Computer Equipment	5 years

F. Property Tax Procedures and Collections

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

	SEV	Taxable Value	Millage Rate
General Operating	\$161,625,500	\$110,220,405	.8086
Fire Protections	\$161,625,500	\$110,220,405	1.0000
Ambulance	\$161,625,500	\$110,220,405	.9693

G. Investments

Township investments at March 31, 2008 consisted of bank money market accounts composed of investment vehicles which are legal for direct investments by local units of government in Michigan. These are reported as cash in bank on the Township balance sheet.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at March 31, 2008.

Tobin & Co.

Paradise Township Notes to Financial Statements March 31, 2008

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

- C. Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended March 31, 2008, the Township incurred expenditures in excess of amounts appropriated without formal budget amendment by the Board as follows:

General Fund – Employee Benefits and Insurance	\$ 2,024
General Fund – Transfers Out	\$ 2,500

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) Repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

B. Types of Deposits and Investments

The Township had \$378,142 deposited with a local financial institution at March 31, 2008 with a carrying value of \$366,478. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per financial institution, the Township had \$207,101 of uninsured deposits at March 31, 2008.

NOTE 4 - RECEIVABLES

\$36,811 of accounts receivable of governmental activities represent delinquent property taxes due at March 31, 2008.

\$4,347 of accounts receivable of governmental activities represent delinquent swamp tax at March 31, 2008.

Tobin & Co.

Paradise Township Notes to Financial Statements March 31, 2008

NOTE 5 - CAPITAL/INTANGIBLE ASSETS

	<u>3/31/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>3/31/08</u>
Governmental Activities:				
Land and Improvements	\$ 193,613	\$ 17,592	\$ -	\$ 211,205
Buildings and Improvements	492,059	1,350	-	493,409
Machinery and Equipment	<u>85,754</u>	<u>18,690</u>	<u>9,089</u>	<u>95,355</u>
Total	771,426	37,632	9,089	799,969
Less Accumulated Depreciation	<u>(250,555)</u>	<u>(26,662)</u>	<u>(5,908)</u>	<u>(271,309)</u>
Governmental Activities Capital Assets, Net	<u>\$ 520,871</u>	<u>\$ 10,970</u>	<u>\$ (3,181)</u>	<u>\$ 528,660</u>

NOTE 6 - INVENTORIES

Paradise Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses when purchased.

NOTE 7 - PENSION PLAN

The Township adopted a defined contribution pension plan on August 1, 1968. The plan is administered by the Township treasurer. The plan covers all salaried employees. To be eligible for the plan, the participant must have attained age 18. Benefits attributable to employer contributions are 100% vested immediately. Contributions to the plan follow a predetermined schedule and are based on annual compensation. The Township pays 75% of the contribution and each participant pays 25%. In addition, participants are allowed to make voluntary after-tax contributions in amounts ranging from 1% to 10% of compensation. Total covered payroll for the fiscal year was \$120,596 and total wages including non-covered wages was \$130,491. The Township's pension contribution for the 2007-2008 year was \$8,402.

NOTE 8 - PROPERTY TAX ADMINISTRATION FEES

As permitted by statute, the Township levied a 1% administration fee on all 2007 property taxes. This fee may be used only to offset such property tax administration expenses as assessing, collecting, and the review and appeal process. The Township had excess costs for the audit year and is in compliance with statutory requirements.

NOTE 9 - COMPENSATED ABSENCES

The Township provides no payment to employees for unused sick leave, accumulated leave, etc.

NOTE 10 - CONTINGENT LIABILITIES

Township officials are aware of no contingent liabilities as of March 31, 2008.

NOTE 11 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year the Township addressed these risks through the purchase of commercial insurance through Burnham and Flowers Agency and Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

Tobin & Co.

Paradise Township
Notes to Financial Statements
March 31, 2008

NOTE 12- RESERVED FUND BALANCE

At March 31, 2008 the Township Board has reserved General Fund balance of \$50,000 for road improvements and \$90,000 for a new emergency services building.

SUPPLEMENTAL DATA SECTION

Tobin & Co.

Paradise Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2008

Schedule 1
Page 1

	<u>Budgetary Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<u>Revenues</u>				
Taxes:				
Property Taxes	\$ 104,000	\$ 104,000	\$ 88,025	\$ (15,975)
Penalties and Interest on Taxes	-	-	43	43
Property Tax Administration Fees	-	-	33,558	33,558
Swamp Tax	-	-	4,347	4,347
Commercial Forest Reserve	-	-	162	162
Licenses and Permits:				
Zoning	4,000	4,000	3,416	(584)
State Grants:				
State Shared Revenues	165,000	165,000	187,275	22,275
Metro Act	-	-	7,673	7,673
Contributions from Local Units:				
Grand Traverse County	45,000	45,000	765	(44,235)
Charges for Services:				
Summer Tax Collection	6,000	6,000	6,203	203
Fees	-	-	1,409	1,409
Sales	-	-	41	41
Interest and Rents:				
Interest	2,500	2,500	4,060	1,560
Rents	-	-	9,000	9,000
Other:				
Refunds and Reimbursements	-	-	402	402
Miscellaneous	9,797	9,797	14,407	4,610
Total Revenues	336,297	336,297	360,786	24,489
<u>Expenditures</u>				
Legislative:				
Township Board:				
Salaries and Wages	-	-	30,177	-
Office Supplies and Postage	-	-	4,542	-
Contractual Services	-	-	3,978	-
Accounting and Legal Services	-	-	10,600	-
Membership and Dues	-	-	4,424	-
Transportation and Travel	-	-	944	-
Printing and Publishing	-	-	2,777	-
Education and Training	-	-	630	-
Community Promotion	-	-	1,405	-
Repairs and Maintenance	-	-	4,355	-
Other	-	-	1,085	-
Total	101,500	101,500	64,917	36,583
Total Legislative	101,500	101,500	64,917	36,583
General Government:				
Township Supervisor:				
Salaries and Wages	-	-	17,045	-
Transportation and Travel	-	-	1,301	-
Education and Training	-	-	687	-
Other	-	-	302	-
Total	25,000	25,000	19,335	5,665

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Paradise Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2008

Schedule 1
Page 2

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Expenditures (Continued)</u>				
General Government (Continued):				
Elections:				
Salaries and Wages	-	-	1,205	-
Supplies and Postage	-	-	284	-
Transportation and Travel	-	-	90	-
Printing and Publishing	-	-	77	-
Other	-	-	82	-
Total	<u>5,000</u>	<u>5,000</u>	<u>1,738</u>	<u>3,262</u>
Assessor:				
Supplies and Postage	-	-	3,377	-
Contractual Services	-	-	23,967	-
Total	<u>30,000</u>	<u>30,000</u>	<u>27,344</u>	<u>2,656</u>
Clerk:				
Salaries and Wages	-	-	15,445	-
Supplies and Postage	-	-	1,077	-
Transportation and Travel	-	-	589	-
Education and Training	-	-	285	-
Other	-	-	136	-
Total	<u>25,000</u>	<u>25,000</u>	<u>17,532</u>	<u>7,468</u>
Board of Review:				
Salaries and Wages	-	-	550	-
Printing and Publishing	-	-	94	-
Other	-	-	61	-
Total	<u>1,000</u>	<u>1,000</u>	<u>705</u>	<u>295</u>
Treasurer:				
Salaries and Wages	-	-	23,153	-
Supplies and Postage	-	-	2,530	-
Transportation and Travel	-	-	1,254	-
Education and Training	-	-	495	-
Other	-	-	220	-
Total	<u>30,000</u>	<u>30,000</u>	<u>27,652</u>	<u>2,348</u>
Township Office:				
Supplies	-	-	203	-
Contractual Services	-	-	965	-
Communication	-	-	3,600	-
Public Utilities	-	-	4,813	-
Maintenance and Repairs	-	-	9,432	-
Other	-	-	169	-
Total	<u>114,000</u>	<u>114,000</u>	<u>19,182</u>	<u>94,818</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Paradise Township
Statement of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
General Fund
For the Year Ended March 31, 2008

Schedule 1
Page 3

	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Expenditures (Continued)				
General Government (Continued):				
Cemetery:				
Salaries and Wages	-	-	455	-
Maintenance and Repairs	-	-	1,039	-
Total	11,800	11,800	1,494	10,306
Total General Government	241,800	241,800	114,982	126,818
Public Safety:				
Planning Commission:				
Salaries and Wages	-	-	27,518	-
Office Supplies and Postage	-	-	596	-
Contractual Services	-	-	1,062	-
Transportation and Travel	-	-	522	-
Printing and Publishing	-	-	305	-
Education and Training	-	-	859	-
Total	33,500	33,500	30,862	2,638
Zoning Board of Appeals:				
Salaries and Wages	-	-	465	-
Transportation and Travel	-	-	60	-
Other	-	-	12	-
Total	1,000	1,000	537	463
Zoning:				
Salaries and Wages	-	-	15,105	-
Office Supplies and Postage	-	-	74	-
Contractual Services	-	-	660	-
Transportation and Travel	-	-	376	-
Other	-	-	306	-
Total	19,500	19,500	16,521	2,979
Total Public Safety	54,000	54,000	47,920	6,080
Public Works:				
Roads and Sidewalks:				
Contractual Services	129,000	129,000	4,143	124,857
Street Lighting:				
Contractual Services	1,000	1,000	254	746
Total Public Works	130,000	130,000	4,397	125,603

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Paradise Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2008

Schedule 1
Page 4

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Expenditures (Continued)</u>				
Recreation and Culture:				
Parks and Recreation:				
Salaries and Wages	-	-	140	-
Contribution to Other Unit	-	-	10,500	-
Maintenance and Repairs	-	-	283	-
Total Recreation and Culture	<u>13,500</u>	<u>13,500</u>	<u>10,923</u>	<u>2,577</u>
Other:				
Employee Benefits and Insurance	<u>24,300</u>	<u>24,300</u>	<u>26,324</u>	<u>(2,024)</u>
Total Other	<u>24,300</u>	<u>24,300</u>	<u>26,324</u>	<u>(2,024)</u>
Capital Outlay	<u>20,400</u>	<u>20,400</u>	<u>20,069</u>	<u>331</u>
Contingencies	<u>7,000</u>	<u>7,000</u>	<u>-</u>	<u>7,000</u>
Total Expenditures	<u>592,500</u>	<u>592,500</u>	<u>289,532</u>	<u>302,968</u>
Excess Revenues (Expenditures)	<u>(256,203)</u>	<u>(256,203)</u>	<u>71,254</u>	<u>327,457</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	<u>(7,500)</u>	<u>(7,500)</u>	<u>(10,000)</u>	<u>(2,500)</u>
Total	<u>(7,500)</u>	<u>(7,500)</u>	<u>(10,000)</u>	<u>(2,500)</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	(1) <u>\$ (263,703)</u>	<u>\$ (263,703)</u>	<u>61,254</u>	<u>\$ 324,957</u>
Fund Balance – Beginning of Year			<u>197,622</u>	
Fund Balance – End of Year			<u>\$ 258,876</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Paradise Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Fire Fund For the Year Ended March 31, 2008

Schedule 2

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes:				
Property Taxes	\$ 110,000	\$ 110,000	\$ 109,844	\$ (156)
Interest and Rents:				
Interest	<u>-</u>	<u>-</u>	<u>908</u>	<u>908</u>
Total	<u>110,000</u>	<u>110,000</u>	<u>110,752</u>	<u>752</u>
<u>Expenditures</u>				
Contractual Services	<u>-</u>	<u>-</u>	<u>106,343</u>	<u>-</u>
Total	<u>115,000</u>	<u>115,000</u>	<u>106,343</u>	<u>8,657</u>
Excess Revenues (Expenditures)	<u>(5,000)</u>	<u>(5,000)</u>	<u>4,409</u>	<u>9,409</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	5,000	5,000	2,500	(2,500)
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>5,000</u>	<u>5,000</u>	<u>2,500</u>	<u>(2,500)</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>6,909</u>	<u>\$ 6,909</u>
Fund Balance – Beginning of Year			<u>86,535</u>	
Fund Balance – End of Year			<u>\$ 93,444</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Paradise Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Ambulance Fund
For the Year Ended March 31, 2008

Schedule 3

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes:				
Property Taxes	\$ 109,000	\$ 109,000	\$ 106,437	\$ (2,563)
Total Revenues	<u>109,000</u>	<u>109,000</u>	<u>106,437</u>	<u>(2,563)</u>
<u>Expenditures</u>				
Public Safety:				
Contractual Services	-	-	106,547	-
Other	<u>-</u>	<u>-</u>	<u>6</u>	<u>-</u>
Total Expenditures	<u>110,000</u>	<u>110,000</u>	<u>106,553</u>	<u>3,447</u>
Excess Revenues (Expenditures)	<u>(1,000)</u>	<u>(1,000)</u>	<u>(116)</u>	<u>884</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	1,000	1,000	-	(1,000)
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(116)</u>	<u>\$ (116)</u>
Fund Balance – Beginning of Year			<u>16,644</u>	
Fund Balance – End of Year			<u>\$ 16,528</u>	

The Notes to the Basic Financial statements are an integral part of this statement.

Tobin & Co.

Paradise Township
Combining Balance Sheet
Non-Major Governmental Funds
March 31, 2008

Schedule 4

	Special Revenue			
	Parks and Recreation Fund	Battalion #2 Fire Fund	Cemetery Fund	Total
<u>Assets</u>				
Cash and Cash Equivalents	\$ 8,412	\$ 3,668	\$ 17,615	\$ 29,695
Total	<u>\$ 8,412</u>	<u>\$ 3,668</u>	<u>\$ 17,615</u>	<u>\$ 29,695</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:	\$ -	\$ -	\$ -	\$ -
Total	-	-	-	-
Fund Equity:				
Fund Balance – Reserved	-	-	-	-
Fund Balance – Unreserved	8,412	3,668	17,615	29,695
Total	<u>8,412</u>	<u>3,668</u>	<u>17,615</u>	<u>29,695</u>
Total Liabilities and Fund Equity	<u>\$ 8,412</u>	<u>\$ 3,668</u>	<u>\$ 17,615</u>	<u>\$ 29,695</u>

The Notes to the Basic Financial statements are an integral part of this statement.

Tobin & Co.

Paradise Township
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended March 31, 2008

Schedule 5

	Special Revenue			
	Parks and Recreation Fund	Battalion #2 Fire Fund	Cemetery Fund	Total
<u>Revenues</u>				
Private Grants:				
Rotary Charities	\$ 5,090	\$ -	\$ -	\$ 5,090
Interest and Rents:				
Interest	306	-	312	618
Rents	410	-	-	410
Other:				
Sales and Dues	-	-	2,882	2,882
Donations	<u>750</u>	<u>-</u>	<u>-</u>	<u>750</u>
Total	<u>6,556</u>	<u>-</u>	<u>3,194</u>	<u>9,750</u>
<u>Expenditures</u>				
Public Safety	-	-	4,741	4,741
Recreation and Culture	2,750	-	-	2,750
Capital Outlay	<u>10,782</u>	<u>-</u>	<u>-</u>	<u>10,782</u>
Total	<u>13,532</u>	<u>-</u>	<u>4,741</u>	<u>18,273</u>
<u>Excess Revenues (Expenditures)</u>	<u>(6,976)</u>	<u>-</u>	<u>(1,547)</u>	<u>(8,523)</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	7,500	-	-	7,500
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>7,500</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	<u>524</u>	<u>-</u>	<u>(1,547)</u>	<u>(1,023)</u>
Fund Balance -- Beginning of Year	<u>7,888</u>	<u>3,668</u>	<u>19,162</u>	<u>30,718</u>
Fund Balance -- End of Year	<u>\$ 8,412</u>	<u>\$ 3,668</u>	<u>\$ 17,615</u>	<u>\$ 29,695</u>

The Notes to the Basic Financial statements are an integral part of this statement.

Tobin & Co.

Paradise Township 2007 Property Tax Levy and Collections For the Year Ended March 31, 2008

Schedule 6

	<u>Millage Rate</u>	<u>Adjusted Levy</u>	<u>Collected</u>	<u>Returned Delinquent</u>
County	4.9838	\$ 557,151	\$ 519,805	\$ 37,346
Medical Care Facility	0.6595	71,533	64,309	7,224
Commission on Aging	0.4858	52,625	47,369	5,256
BATA	0.3283	35,605	32,008	3,597
Library	0.9548	103,568	93,109	10,459
Library Debt	0.1830	19,837	17,922	1,915
College	2.1700	235,395	211,622	23,773
College Debt	0.7000	75,895	68,261	7,634
State Education	6.0000	658,610	616,902	41,708
School District:				
Kingsley Operating	18.0000	522,987	453,416	69,571
Kingsley Debt	3.7500	412,870	370,773	42,097
Intermediate School District	2.9334	322,827	290,030	32,797
Township - General	0.8086	88,213	79,248	8,965
- Ambulance	0.9693	106,662	95,829	10,833
- Fire Protection	1.0000	110,063	98,867	11,196
Commercial Forest		<u>1,471</u>	<u>1,447</u>	<u>24</u>
Total		<u>\$ 3,375,312</u>	<u>\$ 3,060,917</u>	<u>\$ 314,395</u>
Percent of Levy Collected	90.69%			

The Notes to the Basic Financial Statements are an integral part of this statement.

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To the Township Board
Paradise Township

We have audited the financial statements of Paradise Township for the year ended March 31, 2008 and have issued our report thereon dated August 25, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 24, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable but not absolute assurance, and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist but not be detected by us.

As part of our audit, we considered the internal control of Paradise Township. Such consideration was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Internal Control

In planning and performing our audit, we considered the internal control over financial reporting of the Township as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the ability to initiate, authorize, record, process or report financial data reliably in accordance with

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generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider each of the following significant deficiencies to be a material weakness.

Segregation of Duties

A properly designed system of internal control segregates the accounting responsibilities from employees who have access to physical assets such as cash, investments and payroll, from authorization and approval of transactions and account reconciliations. The small size of the administrative staff precludes a complete segregation of duties resulting in more than a remote risk that material misstatements could occur and not be detected in the normal course.

Reporting Financial Data

The above definition of a significant deficiency includes any condition that adversely affects the ability to report financial data in accordance with generally accepted accounting principles ("GAAP"). As a matter of convenience, the Township has always relied upon its auditors to prepare financial statements and related notes and supplemental schedules for external reporting in accordance with GAAP. As a consequence, the Township has not developed the tools and resources necessary to enable its employees to prepare reports in conformity with GAAP in the normal course of performing their assigned functions. The Township has committed the resources necessary to meet its internal reporting needs. In this regard, it is not unlike many other townships of its size.

Expenditures and Disbursements

We noted the misclassification of significant expenditures; first, the transfer of \$2,500 to the Fire Fund and \$7,500 to the Parks and Recreation Fund by the General Fund. These were classified as cost center expenditures rather than transfers out; second, \$90,000 of certificates of deposit, reserving cash for a future emergency services building, were recorded as Buildings and Grounds expenditures rather than cash assets; and third, a \$50,000 certificate of deposit, reserving cash for a road project, was recorded as a Roads expenditure rather than a cash asset.

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Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Paradise Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007-2008. We noted no transactions entered into by the Township during the year that were both significant and unusual and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. However, none of management's estimates are considered to be particularly sensitive.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Township's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Township, either individually or in the aggregate, indicates matters that could have a significant effect on the Township's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on

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those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

No Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

This information is intended solely for the use of the Township Board and management of Paradise Township and is not intended to be and should not be used by anyone other than these specified parties.



Tobin & Co., P.C.

August 25, 2008